



RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION

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October 27, 1980

REGISTERED

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James W. Smith, Jr.
Coordinator of Mined Land Development
Division of Oil, Gas and Mining
Utah Department of Natural Resources
1588 West North Temple
Salt Lake City, Utah 84116

DIVISION OF
OIL, GAS & MINING

RE: Commitment to tentative approval stipulations for the Escalante Silver Mine

Dear Jim:

Pursuant to the phone conversation between you, Wayne Hedberg, Mark Welch and I on Friday, October 24th, and pursuant to your letter of October 22, 1980, please be advised that Ranchers firmly commits to perform the following actions with regard to the mining and reclamation of the Escalante Silver Mine in Iron County, Utah:

1. Ranchers shall use at least sixteen pounds of seed per acre at a ratio of grass, forb, shrub of two:one:one. The recommendations as to the species and pounds per acre contained in your letter of October 22, 1980 will be followed, unless unusual circumstances, such as the unavailability of a particular seed variety, make substitutions necessary.

2. During mining operations, run ~~on~~^{off} will be diverted around the tailings area. There will be no runoff for the facility is designed to handle maximum probable floods in the area. For the final reclamation of the tailings disposal site, the original drainage configurations of the area will be recontoured but run ~~on~~^{off} will be diverted around the tailings pond area so that the surface flow is not channeled across the tailings disposal site. The dam will be revegetated in accordance with 1 above, and a binder, such as Celtite Polybind, will also be applied.

3. Ranchers will continue its water monitoring program for farmers and residents of the Escalante Valley for a period of at least two years after cessation of its pumping activities. The scope of such monitoring shall be comprehensive, but Ranchers may reduce its monitoring points in a reasonable amount from the total number of monitoring points presently involved in the program. Ranchers has firmly committed to the Escalante Valley Water Users Association, to the Division of Oil, Gas and Mining, and to individual farmers, particularly those from whom easements were required on the south canal, to perform the commitments set forth in its Notice of Intention to the Division, beginning on page 11 and concluding on page 15 of Volume One. Such a plan has been agreed to by the Water Users Association,

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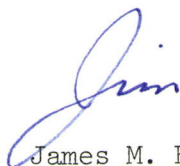
through its officers and its implementation has already begun. The referenced commitments have also been incorporated into rights-of-way granted by farmers and ranchers for the south canal route.

4. Final approval of the State Engineer regarding design specifications for the tailings disposal area is expected soon, and notice of such approval will be transmitted immediately to the Division by Ranchers or the State Engineer. Final construction drawings have on this date been mailed to the State Engineer.

If you have further questions, please call me at once, as we look forward to receiving the final approval document from the Division. I thank you and Wayne for your help.

Very truly yours,

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION



James M. Rosel
Assistant Vice President
and Assistant Secretary

JMR/nlp
cc: Mark Welch